

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Minutes of the Meeting
August 21, 2003
9:00 a.m.
The Pyle Center, Room 325/326
Madison, Wisconsin

Present: Regents Amato, Axtell, Bradley, Connolly-Keesler, Davis, Gotschalk, Marcovich, Mohs, Olivieri, Pruitt, Randall, Richlen, Rosenzweig, Salas and Walsh.
Regent Burmaster joined the meeting for the afternoon session

Unable to attend: Regent Gracz

Regent President Marcovich presiding

The following resolution of appreciation for UW-Stevens Point Chancellor Tom George was presented by Regent Axtell and adopted with a standing ovation in honor of Chancellor George.

Resolution of Appreciation: Thomas F. George

Resolution 8717:

WHEREAS, Thomas F. George has greatly advanced the University of Wisconsin-Stevens Point during his seven-year tenure as Chancellor through his tireless pursuit of excellence and resources and through his unwavering commitment to the campus and community; and

WHEREAS, under George's leadership, UW-Stevens Point developed the "Central Wisconsin Idea," which has led to successful regional and state partnerships, and through the philosophy "Changing Lives," has improved UWSP through student-centered excellence and positive faculty and staff interaction; and

WHEREAS, George's responsive nature earned him the well-deserved moniker, "the Students' Chancellor," and he set new standards for student opportunities by establishing international and statewide degree agreements, an online undergraduate research journal, and the Chancellor's Excellence in Student Research

Awards, which encourage and fund attendance at state and national conferences; and

WHEREAS, George's foresight helped elevate the stature of UWSP, which, since 2000, has appeared among the top six in the first tier of Midwestern comprehensive universities as ranked by U.S. News & World Report, and among the Kiplinger's Personal Finance top 100 best values in national public universities; and

WHEREAS, during George's tenure, UWSP advanced its natural resources mission by securing state and federal support for the College of Natural Resources, including the nationally known Global Environmental Management Education Center; and

WHEREAS, George has served with distinction on numerous academic, professional and civic boards, including chairing the Physical Division of the American Chemical Society, Midwestern Higher Education Commission, the Council of State Representatives in the American Association of State Colleges and Universities, United Way of Portage County, the WiSys Technology Foundation, and the UW System Federal Relations Council; and

WHEREAS, in addition to his role as a campus and community leader and fund-raiser, George is also a renowned researcher, scholar and professor of chemistry and physics; a visiting professor of physics at Korea University in Seoul; an accomplished jazz pianist; a decorated Eagle Scout, and a tremendous advocate for higher education and the UW System; and

WHEREAS, in his actions, his spirit and his interpersonal relationships, Tom George embodies the Wisconsin Idea;

BE IT THEREFORE RESOLVED, that the University of Wisconsin System Board of Regents highly commends and extends its deep gratitude to Thomas F. George for his significant accomplishments and lasting legacy, and wishes

him well as he continues his career as Chancellor at the University of Missouri-St. Louis.

Expressing appreciation for the resolution, Chancellor George remarked that his seven years at UW-Stevens Point have been joyous and that he will be leaving a great place and wonderful colleagues.

Regent President Marcovich observed that Chancellor George is leaving the university a better place than when he arrived.

Charting a New Course for the UW System

Regent Gottschalk, Chair of the Charting a New Course project, introduced the members of the five working groups: Revenue Authority and Other Opportunities, chaired by Regent Axtell; Achieving Operating Efficiencies, chaired by Regent Bradley; Re-Defining Educational Quality, chaired by Regent Mohs; Research and Public Service Missions, chaired by Regent Davis; and Our Partnership with the State, chaired by Regent Walsh. He then introduced five regents emeritus who each will join one of the groups: Regent President Emeritus George Steil, Regent President Emeritus Jay Smith, Regent Emeritus Pat Boyle, Regent President Emeritus Tom Lyon, and Regent President Emeritus David Beckwith.

President Lyall introduced Dennis Jones, President of the National Council of Higher Education Management Systems, a private, non-profit organization with the mission of helping higher education to improve strategic decision making. Mr. Jones is recognized for his expertise in data systems and their use in accountability, performance funding, state funding and resource allocation. He was serving as a facilitator to help focus discussion at the meeting.

Mr. Jones began his remarks by making three points:

- 1) Demand for higher education will continue to rise, a reality that is recognized by political leaders of the states. Failure to provide adequate funding is no longer due to a desire to be punitive to universities, but simply to a lack of resources.
- 2) Demand for higher education is rising from states and employers, as well as from students.
- 3) State resources will continue to be limited, even if the economy improves, due to heavy competition for state funds to meet other needs.

Given increasing demand and fiscal realities, he said, the question becomes what the university can do to address the situation as a system, not as a confederation of campuses. In that regard, he noted that what a system does is different from what campuses do. The Board of Regents represents both the system and the people of Wisconsin and, therefore, must consider the needs of both the university and the state.

With regard to state needs, Mr. Jones identified the following:

- 1) Expansion and diversification of the economy;

- 2) Improvement of K-12 education;
- 3) Contribution through partnerships to solution of problems addressed by other agencies, such as social services, corrections, and environmental quality.

Turning to the student pipeline, he indicated that, while Wisconsin is above average in the percentage of students who graduate from high school, it does less well in the percentage who go to college (45%) In that regard, he pointed out that 80% should have some postsecondary education in order to fill workforce needs.

One problem for Wisconsin, he indicated, is that education is an export industry, with about 75,000 bachelor degree graduates leaving the state from 1990-2000 which suggests a lack of jobs that would keep skilled workers in the state. In addition, per capita income in Wisconsin is less than the national average. Therefore, he observed that economic development should be a high priority for the university.

Regent Olivieri asked if it is a matter of not attracting college graduates from other states, rather than losing Wisconsin graduates.

While attracting graduates from other states is an issue, Mr. Jones indicated that Wisconsin also does not have enough jobs for the graduates produced in-state.

Regent Marcovich asked if that means that Wisconsin is over-achieving in higher education, putting out more graduates that the state can absorb.

Mr. Jones indicated that, for today's economy, education is essential and that states that import graduates do well in producing information age jobs.

Chancellor Mash referred to studies showing that 80% of UW graduates remain in the state but that Wisconsin is low in attracting graduates from other states. Therefore, the issue is more complicated than simply a brain drain.

With regard to the university's role in creating jobs, Mr. Jones identified the following:

- 1) Research, which by itself is a large industry, and spin-off businesses from research discoveries;
- 2) Training entrepreneurs; and
- 3) Workforce development. In that regard, he noted that in Georgia, the university trains workers for any business that moves in to the state and the University of Georgia has a senior vice president for economic development.

Regent Mohs referred to the university's \$250 million budget cut and to the necessity of addressing how to deal with that situation by doing things differently.

Noting that there are both long and short term issues, Mr. Jones said that higher education must be perceived as an enterprise that does important things for the state and its people. Less money is coming to the university from the state because the economy is not strong, leaving students and families to bear increased college costs. There also is more

competition for state dollars, the largest competitor being Medicaid costs, which will consume one-third of states' budgets by 2010.

With a greater share of the cost of higher education coming from students, it is important to provide more financial aid, he indicated, adding that Wisconsin does not do as well as other states in making available need-based financial aid. Holding tuition down is not enough help for students, he noted, since tuition comprises only one-third of the cost of a college education.

At the University of California-Berkeley, the income of students is higher than at Stanford, and the income of students at the University of Illinois is higher than at Northwestern. This suggests, he indicated, that some students can afford to pay more. Therefore, he recommended consideration of such matters as pricing, safety nets and price discounting.

Regent Olivieri commented that how to finance research institutions versus other types of universities is relevant for the group's discussion. Mr. Jones noted that comprehensive universities get most of their students from a relatively narrow area. Because income varies across the state, a common tuition has different impacts in different places.

Mr. Jones predicted that Wisconsin's economic situation will cause other needs to continue to have a higher priority than higher education. The state's wealth base is below average, but taxes are at 120% of the average.

President Lyall pointed out that the variability of the state appropriation is a problem for the university and that greater stability in funding is needed.

Mr. Jones explained that in California, two-thirds of students start postsecondary education in community colleges, while in Wisconsin one-third start in technical colleges, indicating that Wisconsin has a higher cost structure. He recommended that the university use its organization as a system to advantage.

Mr. Jones commented that the university build a program and culture to respond to workforce development needs. Asking if campuses have incentives to be entrepreneurial, he suggested looking at internal fiscal mechanisms to see whether there are perverse incentives buried in them.

Chancellor Wiley noted that Minnesota has a smaller population than Wisconsin, but has 51 higher educational institutions, compared to 31 in Wisconsin. It is hard to argue, he said, that Wisconsin spends too much on higher education.

Mr. Jones indicated that most states start from the presumption that access will not be denied and that Wisconsin is one of the few that talk about closing campuses. With tuition going up, he added, students have to work more and become, to some extent, place-bound because of their jobs. Comprehensive campus locations cannot provide jobs for a large number of additional students.

Regent Walsh asked if Wisconsin is one of the few states in which quality is given a higher priority than access. Mr. Jones replied that most states say they will have both quality and access. He suggested that the UW make use of its system to maintain quality and access.

Regent Axtell observed that nontraditional students provide another source of funding. He asked if there is any data on how to serve that population.

Mr. Jones replied that demand among nontraditional students is going up. The UW System, he said, is more oriented toward traditional students than institutions in many other states, with most nontraditional students served by the technical colleges. Noting that most adult students are place-bound, he suggested that the UW partner with the technical colleges to offer programs at each other's locations and to use the benefits of a system to create incentives and the fiscal environment to make that happen

Noting that public policy used to be to create capacity, Mr. Jones said that there now is a shift to use of capacity and that what society needs from higher education varies by state. A group like this one, he commented, is the only kind of forum in which such issues can be placed on the table. The mission should be to represent the state and create a consensus. At that point, the university can ask for funding or regulatory relief to move forward with its plan for the sake of the state.

With regard to the immediate fiscal problem, Mr. Olien asked if there are things being done by other states that it would be beneficial to consider.

Replying in the affirmative, Mr. Jones mentioned the following strategies:

- 1) Giving campuses the ability to set tuition differently from each other, through such means as pricing of specific programs. In that regard, the focus from the system level could be on net tuition revenue from each campus, rather than a given tuition rate.
- 2) Making an agreement with state officials to be accountable for working on issues of mutual concern in return for lump-sum funding, removing state regulations on personnel and purchasing in exchange for accountability.

Chancellor Reilly asked about the process employed to reach agreement on issues. Mr. Jones indicated that one successful strategy had been to start with legislative committees, business leaders, the Governor's staff, the Board of Regents and campus presidents.

Chancellor Messner asked if the first step should be asking state leaders what they want from higher education. Mr. Jones replied that it is important to start with data on what the problems are, reach some conclusions, and take them to state leaders as a way to build consensus.

Regent Olivieri felt it would be preferable to have the legislative and executive branches involved from the start and Regent Amato concurred with that view. Mr. Jones indicated

that the most effective process varies according to states' individual political cultures. The conversation should be about what needs to be done, and then how to do it.

Chancellor Wiley commented that the environment nationally is one of starving the public sector and that what is happening to higher education is part of that larger phenomenon. Mr. Jones concurred, noting that there is a move to substitute markets for policy, with higher education viewed as a private good. In that environment, the state will act more like a purchaser of university services than as an operator of a university system.

Chancellor Wells agreed with the suggestion of creating incentives for campuses to be more entrepreneurial. He felt that the major issue is community development, of which economic development is a part and that focus on communities would be a means of creating consensus.

Regent Gottschalk explained that state government leaders will be kept informed throughout the process through informal meetings in order to obtain input and avoid any surprises. Regent Walsh added that such meetings already have begun.

Chancellor Keating recalled that at the first Economic Summit, there was agreement with the state that the university would produce more workers trained for high tech jobs. These efforts, however, were disrupted by the budget cuts. He stressed the need for a firm commitment from the state.

Mr. Jones noted that legislatures cannot make long-term commitments and that higher education is the largest discretionary part of the budget. Chancellor Keating thought it might be possible maintain a commitment if business were involved in promoting it.

Regent Mohs noted the need to be sensitive to the busy schedules of state leaders and to develop something to bring to them in an effective way.

Regent Gottschalk then asked the group to consider adoption of the case statement.

Regent Olivieri suggested that language about quality having priority be eliminated because it could create a false dichotomy.

Regent President Marcovich commented that a clear statement about quality is needed and that the matter could be refined in the working groups.

Upon motion by Regent Amato and seconded, the case statement was adopted unanimously.

The meeting was recessed at 11:45 a.m. and reconvened at 2:00 p.m.

The working group chairs reported on their discussions. The discussions are reported in written summaries for each working group.

The Board then adopted the following resolutions:

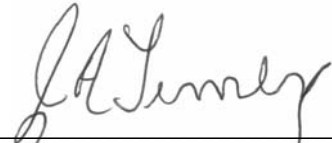
Authorization to Recruit:
Chancellor
University of Wisconsin-Milwaukee

Resolution 8718: That, the President of the University of Wisconsin System be authorized to recruit for a Chancellor of the University of Wisconsin-Milwaukee, at a salary within the Board of Regents Senior Executive Salary Group Seven.

Authorization to Recruit:
Chancellor
University of Wisconsin-Stevens Point

Resolution 8719: That, the President of the University of Wisconsin System be authorized to recruit for a Chancellor of the University of Wisconsin-Stevens Point, at a salary within the Board of Regents Senior Executive Salary Group Three.

The meeting was adjourned at 2:30 p.m.



Judith A. Temby, Secretary